

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-11 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 EB-07 INR-07 NSAE-00 FAA-00 ACDA-05 PM-04

H-02 L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

SIL-01 LAB-04 OMB-01 TRSE-00 /090 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 6222

INFO USMISSION USBERLIN

AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ANKARA

C O N F I D E N T I A L SECTION 01 OF 02 BONN 01929

E.O. 11652: GDS

TAGS: EAIR, PFOR, GW, UK, FR, US, WB, TU

SUBJECT: CIVAIR: BERLIN AIR ISSUES

REF: A. BONN 1778 B. BONN 445 C. USBERLIN 156

1. SUMMARY: AT RECENT FONOFF/CAA DISCUSSION, FRG BCATAG REPS EXPRESSED CONCERN OVER POSSIBILITY OF AN IGS FARE INCREASE AND SITUATION SURROUNDING TURKISH WORKER FLIGHTS. CAA'S EMPHASIZED THAT APPLICATIONS WERE RECEIVING CAREFUL EVALUATION BY ALLIED AUTHORITIES AND A FARE INCREASE WOULD BE SUPPORTED ONLY IF HELD NECESSARY FOR CONTINUED ECONOMIC VIABILITY OF THE SERVICE. REVIEW OF TURKISH FLIGHT SITUATION USED BY CAA'S TO UNDERSCORE ECONOMIC PROBLEMS CONFRONTING THE ALLIED CARRIERS IN REMAINING COMPETITIVE WITH THY. FONOFF REPS INFORMED US FRG HAS RECEIVED APPLICATION FROM W. GERMAN RESIDENT FOR NORTH/SOUTH FLIGHT TO SCHOENEFELD FOR WHICH THEY ARE DISPOSED TO DENY AN EXIT PERMIT. THEY WISH TO

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SOLICIT ALLIED VIEWS INFORMALLY ON THE MATTER AND

RAISE IT IN THE BONN GROUP. WE THINK FRG OBJECTIONS TO THE FLIGHT ARE WELL FOUNDED AND WILL TAKE THIS POSITION IN ANY FUTURE DISCUSSIONS ON THE MATTER. END SUMMARY.

2. FONOFF BCATAG REPS JIRKA AND KRONECK RECENTLY CALLED IN THE CAA'S FOR A TOUR D'HORIZON OF CURRENT IGS ISSUES. LEADING OFF ON THE FARE INCREASE APPLICATION, JIRKA ADOPTED A PREDICTABLY NEGATIVE POSITION, ARGUING THAT RAISING FARES RISKED FURTHER DEPRESSING TRAFFIC VOLUME AT A TIME WHEN THE DOWNWARD TREND SHOWED SOME SIGNS OF MODERATING. MOREOVER, GIVEN RECENT CRITICISMS OF THE LEVEL AND QUALITY OF THE IGS AND CONTINUING GERMAN ANXIETIES OVER THE FUTURE OF THE BERLIN AIR SERVICES GENERALLY, HE CONCLUDED THIS WAS A POLITICALLY AND PSYCHOLOGICALLY INAUSPICIOUS TIME TO CONSIDER INCREASING FARES. EMB CAA REPEATED EARLIER ASSURANCES THAT NO DECISION ON THE APPLICATIONS HAS AS YET BEEN TAKEN BY ALLIED GOVERNMENTS AND THAT THE ELEMENTS HE MENTIONED WERE BEING GIVEN FULL CONSIDERATION. AS EVIDENCE OF THE SERIOUSNESS WITH WHICH WE VIEWED THE QUESTION WE REMINDED JIRKA THAT THE ALLIES HAD NOT APPROVED A FARE INCREASE FOR OVER 18 MONTHS DESPITE REPEATED APPLICATIONS BY THE AIRLINES.

3. BRITISH CAA GROVES OBSERVED THAT IT WAS IN EVERYONE'S BEST INTEREST TO MAINTAIN THE IGS ON A COMMERCIALY VIABLE BASIS IN ORDER TO ENSURE A CONTINUED HIGH LEVEL OF PARTICIPATION BY THE CARRIERS. HE ADDED THAT THERE WAS NO TIME PARTICULARLY WELL SUITED TO RAISING FARES AND THAT WE HAD NO ALTERNATIVE BUT TO CONSIDER THE APPLICATIONS ON THEIR MERITS. JIRKA PRESSED FOR A DETAILED DISCUSSION OF THE AIRLINE'S JUSTIFICATION FOR AN INCREASE; HOWEVER, EMB CAA MAINTAINED THERE WOULD BE LITTLE PURPOSE IN TREATING SPECIFICS UNTIL ALLIED AVIATION AUTHORITIES HAD COMPLETED EVALUATING THE AIRLINES MOST RECENT SUBMISSION. WE WOULD, OF COURSE, BE PREPARED TO PROVIDE BCATAG WITH AS MUCH INFORMATION AS POSSIBLE SHOULD WE DECIDE TO PURSUE THE APPLICATIONS FURTHER.

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4. TURNING TO TURKISH WORKER FLIGHTS, JIRKA ASKED IF THE CAA'S HAD MADE ANY PROGRESS IN CONVINCING THE ALLIED CARRIERS TO RESCHEDULE THEIR LANDINGS AT NURENBERG TO CONFORM TO THE CURFEW TO BE INTRODUCED IN APRIL. GROVES REPORTED THAT DAN AIR'S SUMMER PROGRAM APPEARED TO MEET NURENBERG'S REQUIREMENTS, HOWEVER, HE HAD YET TO HEAR FROM LAKER. EMB CAA SAID PAA HAD LIKEWISE NOT REACHED ANY FINAL DECISIONS ON ITS SUMMER

TURKISH PROGRAM. IN THE FOLLOWING DISCUSSION THE CAA'S STRESSED THAT THE TURKISH FLIGHTS WERE ATTRACTIVE TO THE CARRIERS BECAUSE THEY PERMITTED UTILIZATION OF AIR-CRAFT THAT WOULD OTHERWISE BE IDLE DURING THE NIGHT. IT HAD TO BE BORNE IN MIND THAT CHARTERS TO THE MED REGION WERE CONSIDERABLY MORE RENUMERATIVE AND FORMED THE BASIS OF BERLIN'S CHARTER INDUSTRY. THUS HIGHER YIELD CHARTERS (AND THE IGS IN PAA'S CASE)

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CAB-02 COME-00 DOTE-00 EB-07 FAA-00 SIL-01 LAB-04

OMB-01 IO-11 ACDA-05 TRSE-00 /090 W

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UNDERSTANDABLY RECEIVED HIGHER PRIORITY FROM THE CARRIERS IN DEVELOPING THEIR PROGRAMS.

5. JIRKA STRESSED GERMAN CONCERNS OVER THE FULLEST POSSIBLE UTILIZATION OF TEGEL WHICH MANY BERLINERS STILL PERCEIVED AS A POOR INVESTMENT. SIMILARLY, BERLIN CIRCLES WERE HYPERSENSITIVE TO ANY INCREASE IN THE USE OF SCHOENEFELD BY WEST BERLIN ORIGIN TRAFFIC. IN SHORT, THE ENTIRE CONSTELLATION OF ISSUES SURROUNDING

BERLIN AIR SERVICES GENERALLY AND TEGEL'S FUTURE SPECIFICALLY, WERE EXTREMELY DELICATE POLITICAL ISSUES FOR THE FRG. THE CAA'S POINTED OUT IT WAS FOR THESE VERY REASONS THAT WE WERE CONTINUING TO ENCOURAGE THE CARRIERS TO IMPROVE OPERATIONS AT TEGEL AND TO MEET GERMAN NEEDS AT NURENBERG WITH THEIR TURKISH FLIGHTS. REGARDING THE LATTER, HOWEVER, IT HAD TO BE RECOGNIZED THAT THE AIRLINES WERE PRESENTLY FACING A NUMBER OF OBSTACLES IN KEEPING THE TURKISH FLIGHTS ON A PAYING BASIS INCLUDING INDIRECT ROUTINGS, SERVICE STOPS AND CONFIDENTIAL

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NOW THE NEED TO JUGGLE THEIR EQUIPMENT UTILIZATION SCHEDULES FOR NURENBERG'S BENEFIT. UNLESS MEANS COULD BE FOUND TO AMELIORATE THESE COMPETITIVE DISADVANTAGES WE COULD NOT BE CERTAIN THAT THE CARRIERS WOULD BE ABLE TO MAINTAIN A FIRM FOOTHOLD IN THE TURKISH BUSINESS. WE WERE FOLLOWING THE SITUATION CLOSELY TO DETERMINE WHAT MIGHT BE DONE TO IMPROVE MATTERS.

6. AS A FINAL ITEM, KRONECK SAID THE TRANSPORT MINISTRY HAD RECEIVED AN APPLICATION FROM A WEST GERMAN CITIZEN (WITH WEST BERLIN AND FRG ADDRESSES) TO FLY TO SCHOENEFELD VIA THE BALTIC -- A NORTH/SOUTH ROUTING. AS FAR AS HE KNEW, THIS INDIVIDUAL INTENDED TO CHARTER A SMALL FRG REGISTERED AIRCRAFT TO MAKE A "PRIVATE" FLIGHT TO EAST BERLIN. THE FONOFF DID NOT FAVOR GRANTING AN EXIT PERMIT (REQUIRED FOR ALL NON-SCHEDULED FLIGHTS DEPARTING THE FRG) SINCE IT COULD SEE NO BENEFIT IN ENHANCING TRAFFIC TO SCHOENEFELD WHILE THE GDR CONTINUED TO DENY OVERFLIGHT RIGHTS FOR THE FRG AND OTHER NON-THREE POWER CARRIERS TO TEGEL. IN THIS CONTEXT, THE FONOFF FEARED THE APPLICANT IF SUCCESSFUL ONCE MIGHT ATTEMPT TO ORGANIZE ADDITIONAL FLIGHTS TO SCHOENEFELD. KRONECK ADDED THAT ALTHOUGH THE FONOFF HAD CONCLUDED ALLIED RESIDUAL RIGHTS NOT INVOLVED, THE FRG WISHED TO LEARN OUR VIEWS ON AN INFORMAL BASIS. GERMAN BONN GROUP REPS MIGHT, THEREFORE, RAISE THE MATTER SHORTLY (NOTE: THEY HAVE NOT AS OF FEB. 3). BEYOND POINTING OUT THAT ANY WESTERN ORIGIN FLIGHTS TO A POINT WITHIN THE BCZ WERE OF INTEREST TO THE ALLIES, WE MADE NO COMMENT EXCEPT TO PROMISE TO BE BACK IN TOUCH.

7. COMMENT: WE THINK THE FRG'S INCLINATION TO DENY AN EXIT PERMIT FOR THIS FLIGHT IS WELL FOUNDED AND WILL FAVOR THIS APPROACH IN DISCUSSIONS WITH THE BRITISH AND FRENCH AS WELL AS IN THE BONN GROUP WHEN (IF) THE ISSUE IS RAISED. REGARDING TURKISH WORKER FLIGHTS,

WE THINK ABOVE CONVERSATION WILL SERVE AS A USEFUL  
SPRINGBOARD FOR A DISCUSSION OF POSSIBLE FRG FINANCIAL  
ASSISTANCE TO MAINTAIN A DOMINANT ALLIED CARRIER POS-  
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ITION IN THE MARKET. ALTHOUGH JIRKA WAS SOMEWHAT  
ABSTRACT IN HIS APPROACH TO THE PROBLEM (AS OPPOSED TO  
THE IMMEDIACY WITH WHICH IT IS VIEWED IN WEST BERLIN  
CIRCLES), HE LEFT NO DOUBT THAT THE FONOFF FULLY  
RECOGNIZED THE IMPORTANT POLITICAL IMPLICATIONS OF A  
CONTINUED DRIFT OF TURKISH BUSINESS TO SCHOENEFELD.

8. JIRKA'S SPIRITED REMARKS ON THE POSSIBILITY OF AN  
IGS FARE INCREASE STRUCK US AS HIS NORMAL STYLE WHERE  
THIS ISSUE IS CONCERNED. IF WE DECIDE TO PROCEED WITH  
THE APPLICATIONS, WE CAN EXPECT THE GERMANS TO  
ADOPT THEIR USUAL STRONGLY NEGATIVE VIEW REINFORCED BY  
THE RECENT EVENTS JIRKA MENTIONED. WE SHOULD, THERE-  
FORE, EXPECT THE GERMANS TO INSIST ON A THOROUGHLY  
DOCUMENTED JUSTIFICATION FOR THE INCREASE.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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